



Missouri Department of Natural Resources

MINUTES MISSOURI SOIL AND WATER DISTRICTS COMMISSION DNR Conference Center Jefferson City, Missouri July 16, 2003

COMMISSION MEMBERS PRESENT: John Aylward, Elizabeth Brown, Larry Furbeck, Philip Luebbering, Kirby VanAusdall

EX-OFFICIO MEMBERS: JERRY CONLEY, DEPT. OF CONSERVATION: Bob Miller; **LOWELL MOHLER, DEPT. OF AGRICULTURE:** Jason Heldenbrand; **STEPHEN MAHFOOD, DEPT OF NATURAL RESOURCES:** Scott Totten

ADVISORY MEMBERS PRESENT: SOIL & WATER CONSERVATION PROGRAM: Sarah Fast; **NRCS:** Terry Cosby; **MASWCD:** Steve Hopper

STAFF MEMBERS PRESENT: Davin Althoff, Gary Baclesse, Milt Barr, Gorman Bennett, Jim Boschert, April Brandt, LeAnn Bullard, Chris Evans, Noland Farmer, John Forsyth, Dick Henderson, Rose Marie Hopkins, Wyn Kelley, Gina Luebbering, Dean Martin, Theresa Mueller, Marcy Oerly, James Plassmeyer, Josh Poynor, Jeremy Redden, Ron Redden, Kevin Scherr, Alice Schultz, Judy Stinson, Ken Struempfler, Bill Wilson

OTHERS PRESENT: DISTRICTS: BARTON: Ben Reed; BATES: Brad Powell, Joyce Rider; HOLT: Wayne Heck; MONROE: Lena Sharp; OSAGE: Jessica Pace; RANDOLPH: Shelly Sumpter; **STATE OF MISSOURI: ATTORNEY GENERAL'S OFFICE:** Harry Bozoian; **DEPT. OF NATURAL RESOURCES:** Aimee Davenport, Bryan Fawks, Peter Goode; **OTHERS:** MASWCD: Peggy Lemons; MLICA: Eddie Gilmore; NRCS: Clayton Lee; UNIVERSITY OF MISSOURI: David Hammer, Bryan Mayhan; **INDIVIDUALS:** Dianne Furbeck, Ms. Heck, Eddie Gilmore

A. CALL TO ORDER

Chairman Elizabeth Brown called the meeting to order at the Department of Natural Resources (DNR) Conference Center in Jefferson City, Missouri, in the Bennett Spring/Roaring River Meeting Room at 8:07 a.m.

B. MINUTES OF THE LAST MEETING

Kirby VanAusdall made a motion to approve the minutes of the May 21 and June 5, 2003 commission meetings as mailed. Larry Furbeck seconded the motion.

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C. CLOSED SESSION

Larry Furbeck made a motion to go into closed session pursuant to Section 610.021, RSMo 2000 (as amended), to discuss legal, confidential, or privileged matters under §610.021(1), RSMo; personnel actions under §610.021(3), RSMo; personnel records or applications under §610.021(13), RSMo; audit issues under §610.021(17), RSMo; or records which are otherwise protected from disclosure by law under §610.021(14). John Aylward seconded the motion. When polled, John Aylward, Elizabeth Brown, Larry Furbeck, and Kirby VanAusdall voted in favor of the motion and the motion carried unanimously.

After coming out of closed session Scott Totten introduced Aimee Davenport who is General Counsel for the division of Water Protection and Soil Conservation and Bryan Fawks who is the Deputy Director. Mr. Fawks replaces Michael Warrick who moved to the Director's Office as General Counsel for the department. Prior to Bryan Fawks becoming the Deputy Director, he was the Legislative Liaison at the capitol.

John Aylward made a motion to approve the minutes of the closed session. Larry Furbeck seconded the motion. When polled, John Aylward, Elizabeth Brown, Larry Furbeck, Philip Luebbering, and Kirby VanAusdall voted in favor of the motion and the motion carried unanimously.

D. PLANNING

1. Sales Tax Fund Revenue Update

Milt Barr presented a quick review of the State Fiscal Year and Revenue summaries. He also reported on the Soil and Water Conservation Program summaries of Fiscal Year (FY) 2003, a review of the start of FY2004, and briefly discussed a projection of the FY2005 program budget. He also gave a short review of the projections for 2006 to 2013. Mr. Barr started with a review of the State Fiscal Year Cycle that begins on July 1 and ends on June 30 of each year. Mr. Barr then provided a quick review of the Sales Tax Revenue Cycle. Stating that 1/10 of 1 percent of the General Sales and Use Tax is split evenly between State Parks and the Soil and Water Conservation Program. This tax is generally reported on a calendar quarter because of most business activity, reporting, and payments. The monthly deposits usually reflect the previous 30 or more day's activities. The monthly deposit for FY2003 went up and down according the business activity, payments, and cycles of consumer spending. The first six months of FY2003 were fairly strong. In January it was reported there was a 2.4 percent growth for that period. The last six months of FY2003 were lower than FY2002. When compared, the sales tax revenue for FY2002 and FY2003 remained somewhat steady. For FY2002 the sales tax revenue was \$36,220, 270

and for FY2003 the sales tax revenue was \$35,947,537 which ended up at .8 percent less revenue from the previous year. Mr. Barr indicated that even though the revenue was lower, some of the expenditures were also lower than expected due to some of the same economic issues impacting revenue. In addition available reserve funds had been planned for obligation during the FY 2003 year if needed so there was adequate funding from the reserve and tax revenue available for all program requirements.

It was reported that the program's expenditures for FY2003 totaled \$37,949,498. Some of the expenditures were Cost Share, Special Area Land Treatment (SALT), District Grants, Loan, research, personnel services, expenses and equipment, and other miscellaneous transfers for normal costs of doing business.

The total dollar amount for the FY2004 budget will be the same as it was for FY2003. There were however some redirects for the FY2004 budget. The commission requested and received approval to redirect \$500,000 from the Loan Interest Share Program with \$250,000 to District Assistance Grants and \$250,000 to the Cost Share Program.

The FY2004 revenue projection for the Soil Sales Tax is \$35,666,488, which is a conservative estimate that included a 2 percent increase over FY 2003. The FY2005 projected budget is estimated to be \$38,481,186. The current budget projections indicated no core changes at this time.

A question was asked about the building up of ending balance funds instead of the spending down of the State Soil Tax funds. Mr. Barr responded that the majority of the fund balance is obligated over several years for long term projects with a small amount of available funds left over each year from lower than projected annual appropriation needs or higher than projected revenue or other income. Mr. Barr indicated that the conservative approach the commission has used over the last several years in managing the small available reserve has actually proven extremely helpful in light of the fact for the first time revenues were lower than the previous year. It would appear that fund management over the last several years has been appropriate in the ability to meet requirements and to obligate available funds. It was also noted that in the audit review period 2000, 2001, and 2002 were years of the beginning of several SALT projects and there were not a lot of payouts on them. Now that the SALT projects are maturing, the balance is reducing. Mr. Barr presented fund analysis projections to the commission for Fiscal Years 2006 through 2013 for the Soils Tax Fund. The projections indicated a current obligation plan for tax resources from the current authorized tax period and projected program needs and project requirements.

2. State Audit Report Review

The state audit report's primary focus was on accounting transactions for FY2000, FY2001, and FY2002. It also focused on management practices as well as compliance with state laws, regulations, and agency policies in several areas of state grants. The actual audit process occurred over a 2-½ year period.

Mr. Barr reviewed the executive summary or "yellow sheet" section of the audit, which noted just two issues the auditor emphasized. The first area was that the Commission should continue to study how the tax revenues are used in order to manage fund balances. The second was that the department should more closely monitor the soil and water cost share program to help control potential problems with claim documentation.

In the Management Advisory Report section of the audit report, Mr. Barr quickly reviewed some of other findings and recommendations by the auditor and the responses by the program with agreement/disagreement or corrective actions as needed. Mr. Barr indicated that the audit report was available for review publicly for any and all details at the Missouri State Auditor Website. The report number is 2003-49, dated June 6, 2003.

Mr. Barr indicated the overall audit report showed no surprises or significant issues. He stated that the report was immediately available to the media and the public and that there were no requests of any kind for more information or clarification from any sources to the program office.

During the discussion a question was asked about the requirement to audit the districts. It was stated that the department was not able to do the audits every three years, due to a lack of a contract for this service, and that the internal audit section had lost two positions, leaving only one person. The program is working with department managers on trying to set up the audits. But since the state does not have an umbrella contract for audits, each department has to set up their own which takes considerable amount of time and personnel involvement.

A question arose about use of canceled checks for the validation of claims. A commission member wanted to know how it would affect district procedures if the program went to canceled checks. It was stated that some districts do require canceled checks, but the commission currently allows the districts a choice of methods to approve and submit. The commission indicated to the program director that they would like to see if the program staff could get information from the districts on how requiring a canceled check would affect them.

3. National Resources Inventory (NRI) Data Request

Gary Baclesse stated that the commission used the NRI to determine the results of the commission's programs on reducing sheet and rill erosion in Missouri. The program has used this data since 1982 and has used it consistently since then to show the success Missouri has had in reducing erosion, and also to determine cropland and pasture land that continue to erode above the tolerable limits. The data from this report will also help the commission to determine the success the state is having in achieving its goal of reducing soil erosion on 95 percent of Missouri's agricultural land to a level that is acceptable by the year 2006.

The 1997 NRI data was the last that the commission received from Natural Resources Conservation Service (NRCS). The reason for the lapse in receiving data is that it typically takes two years to get the final data report because of the extensive review of the information. The 2002 information is needed for planning updates for the future and for the tax renewal effort that is just beginning.

The commission was given a copy of a letter from Mr. Roger Hansen that indicated he is working with the NRCS national headquarters to provide Missouri with the data prior to 2005.

A letter from the commission was prepared supporting the request. It was reported that Mr. Hansen was waiting for this letter and that it would be sent in as quickly as possible to the NRCS national headquarters, showing support for the data prior to 2005. When asked by the chair, it was a consensus of the commission for Liz Brown to sign the letter showing support.

4. White River Basin Comprehensive Study

Peter Goode from the Department of Natural Resources, reported on the White River Basin Comprehensive Study. The White River basin consists of approximately 27,765 square miles of which 10,622 are in the southern part of Missouri. The remainder is in Arkansas. The basin contains 5 large Corps of Engineer multi-purpose lakes including Beaver, Table Rock, Bull Shoals, Norfork and Greers Ferry. Also includes over 150 miles of flood control levees along the White and its tributaries. Interests in the basin include flood control, water supply, hydropower, navigation, recreation and irrigation. The upper portion of the basin is a significant tourist destination. The lower portion of the basin is significant as a migratory waterfowl wintering area and includes several Federal wildlife refuges and state management areas that comprise one of the largest remaining bottomland hardwood forests in the Mississippi Valley.

The purpose of the study was to evaluate these aspects of the basin and define the problems and possible solutions. The study objectives were to comprehensively analyze the basin problems and opportunities, find possible solutions and recommend a course of action. One of the first activities of the study was developing a complete understanding of the interaction of the significant water uses and resources as they change. Upper basin problems and opportunities include rapid population growth and development, increased municipal and industrial water use, increased wastewater generation, and increase agricultural uses. Lower basin problems and opportunities include cropland conversion, aquifer depletion, population loss, seasonal navigation, and nationally significant wetlands. An evaluation of water quantity was needed.

The study calls for a basin conceptual model to describe the interrelationships of the various significant resources. The model diagrams various functions and processes within the basin and serves as a guide in determining the completeness (boundaries) of the studies.

The existing conditions for the various significant resources will be examined. The future without project conditions for the significant resources will be examined to aid in the determination of problems and needs in the basin. Trends will be identified in population, energy demand, water supply, and aquifers and used to predict future conditions. An assessment of historical values and functions will be made to aid in the determination of problems and opportunities. Natural ecosystem's conditions will serve as restoration targets.

Missouri is primarily concerned with upper basin issues. Water quality in Table Rock Lake and Lake Taneycomo are high priorities. Data such as water temperature, nutrients, algae, and dissolved oxygen parameters will be collected. The study will develop a hydrodynamic and water quality model of these lakes. The model will be developed and used to predict water quality trends. Additionally, an aquatic ecosystem fishery study for habitat improvement in Table Rock Lake will be conducted. The fisheries study will look at water quality impacts. The study will include an examination the relationship between population projections and development around the lakes. Study products will include a compilation of the problems and opportunities, analysis and alternatives, and recommendations for implementation and evaluation tools such as the hydrodynamic models for use in the future.

The original agreement was signed in May 2002 with an expected completion date of October 2005. The Water Resources Development Act requires a 50 percent state match. Half of the match can be in-kind services. Total cost of the study is estimated at \$7.5 million. Missouri's share is approximately \$1.8 million.

Cash match contributions are difficult to come by in the existing state budget environment. There are efforts in congress to change the Water Resources Development Act to allow for all in-kind matches, for this project. This would mean that no cash would have to be used. To date these efforts have been unsuccessful. Due to the work of the Senate Appropriation's Energy and Water Development sub-committee, the match requirements could change.

During the discussion it was noted that the sponsors for this study are commissions, the Department of Conservation, and others, but no sponsors from any commercial type venues such as Tourism. It was stated that it was a possibility that they could become a sponsor. Since the Corp of Engineers has a major function in the lower basin, Congress gave them a \$2,000,000 appropriation to do a comprehensive study and they are looking to the states to provide the 50 percent match cost. They need the cash to finish the project, which the states do not have. If the cash is not found, the study will end. Arkansas came up with some of their cash, but their budget is tight also. The funding for this project is authorized as 50 percent federal share and the Corp of Engineers is going back to congress to try to get the funding changed from a 50/50 to something else.

Gary Baclesse gave a broad view of the White River Basin from the standpoint of what the commission is already doing in the basin. According to Mr. Baclesse, there are 21 districts that have some or the entire district in the basin. Each of these districts does conservation work and they all participate in the cost-share program and have since its beginning. It is estimated that between 1986 through 2003 the amount of funding used in the districts that are in the basin ranged from \$100,000 to \$3,400,000.

The main focus of the four active Agricultural Non Point Source (AgNPS) Special Area Land Treatment (SALT) projects in the upper White River Basin is riparian protection, animal waste management, grazing management, and information and education. It is anticipated that these projects will use the full \$750,000 AgNPS SALT grant.

Three districts are currently working on AgNPS projects and have done the preliminary work towards other watershed plans in the basin. They have spent approximately \$5,000 on the initial evaluations of these sub watersheds.

The conservation work that has been done in the basin has saved many tons of soil and helped to reduce sediment and other pollutants from entering the waters of the basin.

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During the discussion, it was stated that if it comes down to cash or letting the project die, the commission would like to look at what they can do to keep the project going. Since there are several projects in the basin, the commission would like to see if the U.S. Corps of Engineers would take all of the programs into consideration. It was agreed that the commission would be kept apprised of the situation. It was agreed that the information from the meeting would be taken to the Corps of Engineers. The commission also asked that a representative from the Corps of Engineers be sent to a future meeting to talk about the study.

5. Soil Science Update

Dean Martin gave an update about what has been going on in Soil Science over the last year or so. The Soil and Water District Commission's plan for the future was to complete the initial soils inventory by 2002, and evaluate Department of Natural Resource's role in updating the survey based on Major Land Resources Areas and in providing additional soil science assistance. The commission decided that their role would be to update the soil survey based on major land resources areas and provide assistance to districts, landowners, and others. Half of their time will be keeping the data up to date and the other half in providing soil science assistance. Mr. Martin updated the commission on the staffing plan that included three Unit Chiefs (SS4s), six Soil Scientist 3's, (one in each office), and 11 Soil Scientist 2's. He reported that at the present time there are only ten Soil Scientists, which is half the regular staff.

Richard Henderson reported on the Soil Science Assistance between the Department of Natural Resources and Natural Resources Conservation Service. In regards to the district assistance, he thanked the commission for their foresight because now experienced soil scientists are available to do site specific soil interpretations for land use and management decisions. With both groups of soil scientists working together, they can better assign a person to work a request in with regards to what the soil scientist is familiar with. The Soil Scientist can look at the type of soil to figure out what interpretations are needed by the person requesting the assistance and then try to find out what types of practices will work. They can also develop and use specific maps for districts which include pasture suitability, land application of livestock waste, compost sites, and phosphorous and nitrate attenuation potential. The Soil Scientists have also made themselves available to districts to help in locating the best sites for specific high intensity land use. When it comes to education, they help the districts in that area also. They judge soil contests, present workshops for field staff and give presentations to grade school children, to only mention a few.

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Mr. Clayton Lee from Natural Resources Conservation Service updated the commission on the status of the initial inventory, follow-up work, and phase I and II. The three most active partners of the Missouri Cooperative Soil Survey are the Department of Natural Resources, the University of Missouri, and the Natural Resources Conservation Service. The three of them have worked together over the last 25 years to complete the initial fieldwork for the soil inventory. Now that this work is completed, they have descriptions and maps of the soil types, and they are working on putting it together for the counties. This information will be available in hard copy and in digital form. Since some of the soil surveys are older than 25 years, there may be some inconsistencies that will need to be worked out. They will update the data in a two-phase process. In the first phase, they will update all the soil surveys to a common standard in a period of two years. After that they will have a more detailed record of specific areas where they need laboratory data and other information. In phase I some items that will be looked at or changed will be the use of common soil symbols in map legends, digital re-drafting of soil lines, populating the National Soil Information System, and developing a work plan for phase II. The National Soil Information System will display digital re-drafting, water bodies that were not previously separated, and other topographical views. In phase II any deficiencies will be documented; there will also be field verifications, and regional consistency. This will mean that data collected in phase I will be used and more information will be collected to better support the findings in phase I.

Dr. David Hammer from the University of Missouri, Department of Civil Engineering summarized the information from the Cooperative Soil Survey. He stated that the range of use for the information is large. The information can cover watersheds containing thousands of acres - all the way down to a site for a house. These examples show the many uses for the information that has been collected. The purpose of the soil survey was to gather information about soils, classify the soils, draw maps and develop interpretations of the soils found on the landscape. An individual can go to the web site and get maps of the area they are looking at and find out if it will support their plan. Due to the data collected and the many ways that it can be used, Missouri is on the cutting edge of soil surveys. This makes Missouri the blueprint for where everyone else wants to be nationally.

E. APPEALS

1. Cost-share

- a. Monroe County Soil and Water Conservation District (SWCD):
Review of the Landowner's Appeal from the May Meeting for
Cost-share to Remove a Berm on a Waterway**

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Marcy Oerly presented a follow-up on an appeal from a landowner in Monroe County for cost-share on berm removal. At the May meeting the commission voted to deny the appeal, but later decided to revisit the issue at the July meeting.

Ms. Oerly briefly reviewed the report from last month. She reported that the district board approved the application for 3.1 acres of waterways with an estimated cost-share payment of \$6,534.70. The construction, seeding and mulching of the waterways was completed in September of 2002. After completion of the waterways, the landowner and the farm operator, who was a former chairman of the Monroe SWCD board, were unhappy with the waterways, even though they met NRCS specifications. The waterways were deeper and the berms higher than the landowner expected. The landowner stated in a letter that she was unaware that they would be responsible for the removal of the berms.

On November 11, 2002, the landowner and the farm operator attended the Monroe SWCD board meeting asking the board to allow cost-share for berm removal. On November 20, the board sent a letter to the landowner stating that they denied her request for cost-share to remove the waterway berms. The denial was based on the fact that berm removal is not listed as an eligible component on the Monroe FSA's Exhibit 1, berm removal is not a component of the DWP-3 practice in their district, and the waterways were designed for less than one foot in height.

At the May meeting, the commission requested additional technical information. In a letter from Roger Hansen, an engineer survey indicated that there were some minor variations in the width, depth, and length of the waterways, but the waterways did meet NRCS standards and specifications.

When asked about berm removal, Lena Sharp from the district stated that it is not on their docket. She also indicated that the berms looked higher due to the spoils being left there because of a crop on one side and an alfalfa field on the other side. This was the decision of the operator and contractor to leave the berms there and not spread out the dirt. When asked by the commission about communication to the landowner regarding the berm removal, the district stated that the landowner was sent information in a letter along with the information that was on the cost-share application. It was also explained to the landowner what was covered on cost-share when the landowner came to the office. The landowner indicated at the last commission meeting that she had read the

Missouri University guide and did not think that much about it. It was the assumption of the landowner that she would receive cost-share for the berm removal.

When Mr. Aylward asked what was claimed on the earthwork, Lena Sharp indicated that they did not have the figures because the landowner had not claimed it yet, so it rolled over. The district had some of the bills for the earthwork and the seeding, but the work had not been certified by the technical staff, so the district did not know if there would be money left. Mr. Cosby stated that in the letter from Roger Hansen an engineer did inspect the waterway.

Larry Furbeck made a motion to support the board's decision and deny cost-share for berm removal. The chair called for a second and there was no second, so the motion died.

The chair asked if there were any other motions. Larry Furbeck offered another alternative. He explained that some districts give help on berm removal on anything over one-foot. If they knew how much of the dirt was over a foot high the commission might provide additional state cost-share funds so that the districts didn't have to use their funds to cover the cost of the berm removal. When asked by the chair if it was a motion, Mr. Furbeck said that was for discussion. The question was asked if this would mean that the money would come from the re-appropriated cost-share funds. Mr. Furbeck said that how it would work would have to be reviewed. Lena Sharp said that the estimated cost-share amount on the application was \$6,534.70. The cost to remove the berm was estimated to be approximately the same as the earthwork, about another \$6,000. Eddie Gilmore, a contractor, explained that the cost for berm removal depends on the lay of the land. From the contractor's point of view, it is a bad idea to build a berm one-foot tall and then get rid of the remaining dirt. Sometimes a ditch will develop on each side of the berm, and depending on the grade of the ground, the excess dirt can be used to fill the ditch.

The chair then asked if there was a motion on the floor and it was indicated that there was not. Kirby VanAusdall noted that the last vote was to support the board's decision and deny cost-share for berm removal. It was a consensus of the commission to let the decision from the last meeting stand.

b. Polk SWCD: Appeal – Allow Cost-share for a Warm Season Grass Planting on an Established Prescribed Grazing System That was Never Funded Through the State Cost-share Program

Marcy Oerly presented an appeal from the Polk County SWCD asking the commission to allow cost-share for a warm season grass planting through the Planned Grazing Systems (DSP-3) practice on a previously established prescribed grazing system that was never funded through the state cost-share program.

The DSP-3 practice, through the state cost-share program, is a demonstration practice to illustrate the environmental and economical benefits of a planned grazing system for landowners that have not previously used the practice. It is the commission's policy to fund a total grazing system rather than individual components of the system.

The DSP-3 claim for Mr. Randy Breshears was received in the program office on June 16, 2003. Because the practice has a \$9,000 maximum, the staff did a computer search of the landowner's name and it showed that he had never participated in the program for a DSP-3 practice. The staff questioned the claim because the only items that were being cost-shared were components for a 13.5-acre warm season grass planting. They also questioned the amount of cost-share being requested.

The claim indicated that there was 84 acres in the system, but only 13.5 acres were approved for seeding. By multiplying the \$60 per acre DSP-3 maximum by 13.5 acres, the maximum amount of cost-share the landowner could receive would be \$810 not the \$1,136.15 that was requested.

The commission was informed that Mr. Breshears had received \$1,043.28 for two Permanent Vegetative Cover Enhancement (DSP-2) practices on fields that were included in the prescribed grazing system. On a DSP-2 practice, cost-share is available for the fertilizer, no-till drilling, and legume seeding. Excessive erosion is not required for this practice. However, on a warm season grass planting outside a DSP-3 practice, excessive erosion must be occurring to receive cost-share. In Mr. Breshears' case, no excessive erosion was occurring on his 13.5 acres of warm season grass planting.

After reviewing Mr. Breshears claim, program staff learned from the Polk SWCD that the landowner already had an established prescribed grazing system that he implemented on his own with no aid from state cost-share.

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A letter to the district explained that staff did not feel it was the intent of the commission to provide cost-share assistance for a warm season grass seeding in an established planned grazing system that had never received state cost-share assistance. It also explained that it was the intent of the commission to allow warm season grass seedings in a state funded DSP-3 practice only when it was designed into the initial grazing system plan, or if the landowner decided to increase the number of paddocks or acreage in their DSP-3 practice.

It was explained that if the commission chose to approve the board's request, it might set a potentially costly precedent if districts began approving wells and livestock watering ponds for any landowner that already had a prescribed grazing system that was established without state assistance.

Ken Berkman, the chairman of the Board of Directors in Polk County, stated that the landowner had worked for about two years on what he wanted to do with his land. While the landowner was at a grazing school, he learned of the CRP-CP22 practice. The landowner realized that he could get federal cost-share for fencing the riparian area and excluding the livestock, which is what he wanted to do anyway. The CRP-CP22 paid for fencing and the water system. His plan, before he learned of the CP22, was to use the DSP-3 for fencing to create the entire system. The DSP-3 practice was the only component left to complete his warm season grass. It was not realized that the fencing would not be cost-shared through the DSP-3 but through CRP-CP22. In November the landowner planted his riparian buffer trees and installed a water system. In December and January he built his riparian fence and the remaining cross fences. In March he no-tilled the legumes in the DSP-2 fields. In April he hosted a grazing school at his farm and in May he sprayed and killed the fescue and planted Eastern Gamma grass on the requested cost-share field.

During the discussion it was noted that the DSP-3 practice is not set-up for individual components, but for whole systems. The district wanted the landowner to use the CP22 because there is a 90 percent cost-share on the fence instead of 75 percent in the DSP-3. Bob Miller suggested that to save money for the districts and to utilize the federal program, it would be best if the landowner could look at the DSP-3, but not starting from ground zero, but looking at the practices it would take to complete a system. That would encourage the landowner to use any other program available and only use the district money to complete the project. It was

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stated that at this time the landowner could not use two programs for the same practice. Harry Bozoian, from the Attorney General's Office simply stated that it is not a practice that is authorized by the commission.

Philip Luebbering made a motion to deny the board's request. Larry Furbeck seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

c. Osage SWCD: Consideration of Using FY03 Funds to Pay Claims Delivered After the June 30 Deadline

Ron Redden presented an appeal for Osage County SWCD regarding cost-share and SALT claims that were denied because they did not meet the required deadline for mailing FY03 cost-share forms.

The board asked that these claims be paid out of their FY03 funds. If they are required to use FY04 funds, they will not meet the 80 percent claimed that is generally recognized as the amount needed to assure a district of receiving additional funds.

The commission's policy regarding the submittal of claims to be paid out of FY03 funds requires that the claims must be postmarked prior to July 1. The districts were sent two memos in June reminding them of this. It was indicated that the claims would be returned and required the districts to roll them over and pay the claims out of their FY04 funds. The deadline is required so that program staff and district staff can close out one fiscal year and begin the next.

The other 113 districts submitted their claims on time or else they held on to them as directed in the two June memos, and rolled them over into FY04. The program office did not receive any other late claims except for the ones that the Osage district clerk dropped off at the Elm Street Building. The last time that a district hand carried claims into the program office after the June 30 deadline was in 2001 and that was the Osage SWCD. Those claims were returned to the district and rolled over into the next fiscal year. Historically the commission has upheld that claims must be postmarked or delivered to the program office prior to July 1.

In a letter from the board, the board indicated that it is important to them because if they roll these claims over, it will reduce their cost-share claim to 78 percent and they are concerned about not receiving additional funds

next year. It was pointed out that for the past several years, the commission has provided a reduced amount of additional funds for districts that claim in the high 70 percent, but less than 80 percent. The board approved all those claims either during the week prior to the deadline or during the month of May and, as a result, there was sufficient time for them to be mailed to meet the July 1 deadline.

A total of 14 claims were returned, and of those, only six were regular cost-share and amounted to \$16,964.42. The district was asked to obligate and pay these claims from their FY04 allocation.

Jessica Pace, the district manager, stated she hand delivered the claims on July 2, to save the district money. She also indicated that the claims had been on her desk since June 26.

John Aylward made a motion to deny the board's request. Larry Furbeck seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion. Philip Luebbering indicated that he wanted to abstain since it was his county. The chair asked for a poll vote. When polled, Larry Furbeck, Kirby VanAusdall, John Aylward, and Liz Brown voted in favor of the motion, and Philip Luebbering abstained and the motion carried.

3. Special Area Land Treatment

a. Holt SWCD: Exceed the \$8,250 Limit on Structures

Kevin Scherr presented an appeal from the Holt County SWCD, requesting to exceed the current \$8,250.00 limit on two Water Impoundment Reservoirs Practices (DWC-1) in the Squaw Creek AgNPS SALT project. At the May meeting this original request was presented and the commission denied the request to exceed the \$8,250 on four DWC-1 Water Impoundment Reservoirs. In that discussion the commission indicated they would like to have additional information regarding the alternative to these water impoundment structures. The district indicated that there were no alternative designs or practices for the structures. Even though the structures are large, they are the most economical practice to address the large erosion problems.

The county average cost to construct the four structures ranges from \$11,532.00 to \$24,986.00. The district currently uses the bid process when building DWC-1 structures.

On July 10, 2003, bids were opened for three of the four structures. The bid for structure #1 was \$8,912.00. At 75 percent, the cost-share amount for this structure would be \$6,684.00. The landowner decided not to build structure #3 this year. Both structures #2 & #4 were over the \$8,250 limit by approximately \$3385.00 each. The commission last year did approve similar requests from the Holt SWCD to exceed the \$8,250 limit on three DWC-1 Water Impoundment Reservoir in the Squaw Creek AgNPS SALT project.

Philip Luebbering indicated if that is what it takes to stabilize the erosion, then that is what needed to be done.

Philip Luebbering made a motion to allow the district to exceed the \$8250 limit on the two DCW-1 Water Impoundment Reservoirs. Kirby VanAusdall seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Liz Brown voted in favor of the motion and the motion carried unanimously.

F. REVIEW/EVALUATION

1. District Assistance Section

a. District Employees Benefits Grant

Jim Boschert reported that there would be enough funding in the grant for the current fiscal year. It was also projected that for FY2005 there maybe only \$88,000 available for any increases in health insurance premiums or increases in retirement. The commission was informed that at the next meeting he should have the premiums for FY2004 from Missouri Consolidated Health Care (MCHC) and the benefit agreements from the soil and water districts.

Ben Reed presented information to the commission on the benefit committee meeting. On July 2 the district employee benefit committee met to discuss the future of the benefit fund. Those that attended were: representative for the Commission, Department of Natural Resources program staff, Missouri Consolidated Health Care (MCHC), and district employees. The committee met to determine what the dramatic increase in health insurance rates were having on the benefit fund. The objective of the committee was to arrive at a projection of when the current fund would be consumed. The current fund will last through FY04 and could possible make it through FY05 depending on plans and rates offered by MCHC. If the fund would become deficient in FY2005, the commission would have the option to do a supplemental budget bill during mid-year.

It is believed that the benefit program is very beneficial to the soil and water districts in retaining and attracting qualified employees. Due to this benefit, districts are seeing an increase in job applications for positions when advertised. In 1998 a survey of districts found that there was a 16.6 percent turnover rate of district employees. That calculated to 51 employees lost annually. The main reason for this was that employees left for better financial opportunities-primarily health insurance and retirement benefits. In a new survey the annual employee turnover had dropped from 16.6 percent to 11.2 percent. Which means the districts now experience only an annual loss of 26 employees. The survey indicated 78 percent of those employees who left were employed six years or less. It is believed the additional \$500,000 district assistance grant implemented this past year will have an impact on retaining future employees.

G. APPEALS - Continued

1. Cost-share

a. Dallas SWCD: Consideration to Not Require a Landowner to Repay an Overpayment on a DSP-2

Noland Farmer presented an appeal to allow a landowner to receive cost-share assistance on a portion of a Permanent Vegetative Cover Enhancement practice that was installed in excess of the 80-acre Commission maximum.

On March 20, 2003, NRCS and the Dallas board approved seven cost-share applications for the landowner for a total of 97.5 acres, which exceeded the 80-acre maximum. On April 3, 2003, the seven practices were certified by NRCS, and the board approved payment for the seven claims on April 25, 2003. The program office staff then reviewed the seven claims and processed six of them for payment totaling 78.9 acres and the landowner was mailed a check for six claims in the amount of \$1,585.25, and one claim for 18.6 acres in the amount of \$611.75 was denied. In a letter dated May 6, 2003, the program denied payment on an 18.6 acre DSP-2 claim. The letter pointed out that the board approved seven DSP-2 claims totaling 97.5 acres, and the commission has a policy that a landowner can not receive cost-share assistance for more than 80 acres of DSP-2.

In a letter dated May 14, 2003, from the district to the commission, they asked that the landowner be allowed to receive cost-share on the denied claim due to no error on the landowner's part.

John Aylward made a motion to approve the board's request. Philip Luebbering seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

b. Christian SWCD: Consideration to Not Require a Landowner to Repay an Overpayment on a DSP-2

Noland Farmer present an appeal from the Christian County board of supervisors, requesting that the commission waive a requirement that a landowner repay that portion of cost-share assistance that was paid in excess of the 80 acre commission maximum, which is set on the Permanent Vegetative Cover Enhancement practice.

On October 2, 2002, NRCS and the Christian board approved two cost-share applications. One application was approved for 56.2 acres and the second was approved for 56.6 acres for a total of 112.8 acres. On March 19, 2003, NRCS certified both practices complete. On March 20, 2003, the board approved both claims for payment. Both claims were received in the program office and reviewed and a check was mailed on April 4, 2003, in the amount of \$3673.98 to the landowner. A letter from the program office to the district on May 15, 2003, stated that the landowner had received cost-share assistance on a total of 112.8 acres of DSP-2. It also asked that the board initiate procedures to collect back the amount paid in excess. In a letter dated May 20, 2003, from the board to the commission, the board asked that the landowner be allowed to keep the cost-share assistance received for installing 112.8 acres of DSP-2 due to the fact that it would create a financial hardship.

In the discussion, it was stated that since no one caught the error and the landowner was told that he could plant 112 acres and receive cost-share for it, the landowner should not be penalized for it.

Philip Luebbering made a motion to approve the board's request and allow the landowner to keep the cost-share received. John Aylward seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

H. Presentation by the 2003 State Envirothon Team – Little Creek Nature Area from Ferguson

The students gave the same oral presentation to the commission that they had given at the Missouri Envirothon State Competition. This year's topic addressed urban encroachment on agriculture operations and the choices agricultural landowners are forced to make, which potentially impacts their farming operations and way of life.

Peggy Lemons, Chair of the Envirothon, presented some background information on the organization and the state competition. This was the sixth year for the Envirothon in Missouri. Over the past six years, the competition has grown from ten teams to approximately 70 teams competing at the regional level. Of those, 21 teams advanced to the state competition that was held May 1, in Jefferson City at the Lincoln University Carver Farm. The winners for the Missouri Envirothon were the Little Creek Nature Area from St. Louis County. They placed first at the regional event and took home the top scores in four of the six resource areas (Forestry, Wildlife, Aquatics, Soils, Current Issue, and Oral Presentation). As the state event winner, they also had the top scores in three of the six resources areas. The team members were Josh Long, Matt Noatch, David Maywright, Ryan Thies and Sarah Martin. Their advisor, Jack Bowles, was also present. When asked by the commission about which conservation partners had helped prepare them for the competition, the group mentioned that the Natural Resources Conservation Service, the Department of Conservation, and other individuals had helped by providing training and resource materials to them.

I. APPEALS – Continued

1. Cost-share

a. Vernon SWCD: Landowner Appeal of a Request to Repay Cost-share for a Maintenance Violation on a DSL-1

April Brandt presented a landowner appeal to repay cost-share on a Permanent Vegetative Cover Establishment (DSL-1) practices. The Vernon County SWCD requested repayment of a prorated amount of state cost share assistance due to the maintenance agreement violation associated with two Permanent Vegetative Cover Establishment practices.

The original landowner completed two DSL-1 practices that were board approved on May 24, 2001, for a total of 70.6 acres. On April 17, 2002, the board approved two claims for reseeding of the original practices. On March 17, 2003, the fields were found disked up.

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In a letter dated April 7, 2003, the Vernon County SWCD notified the original landowner of the maintenance agreement violation and requested repayment of a prorated amount of cost-share. On April 30, 2003, the landowner's attorney acknowledged receipt of the letter and requested the commission review the board's decision. Then on May 6, 2003, a letter from program office staff to the landowner stated that the appeal would be on the July 16, 2003, agenda and that a copy of the agenda would be mailed to them. A letter dated May 7, 2003, from the landowner's attorney to the district advised that they did not wish to present their request personally. In a letter dated May 12, 2003, the landowner's attorney requested from the district the relevant rules and regulations of the matter. A letter from the landowner's attorney to the commission dated June 30, 2003 stated they were choosing to submit their defense by representative and in writing. The letter stated that on October 15, 2002, the original landowner and siblings sold the property and the new owner was notified both verbally and in writing of the existence of the cost-share practice. The letter also stated that the original landowner was not the landowner that violated the maintenance agreement. A letter dated July 9, 2003, from program office staff to the landowner informed him that the appeal would be heard at the July 16, 2003, meeting.

Program staff reviewed cost-share history and found similar instances where land had been sold and the new landowner violated the maintenance agreement, and in those cases the commission upheld the board's decision to demand repayment from the original landowner.

When asked by the commission, Harry Bozoian said that he would demand payment, but that he would have to look into the matter due to the many facts involved.

Philip Luebbering made a motion to refer the matter to the Attorney General's office and demand it be paid back. Kirby VanAusdall seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

- b. Dunklin SWCD: NO-Till (DSL-15) Approved on Ineligible Land**
April Brandt presented an appeal of a DSL-15 System that was denied by program office staff because the land did not have soil loss above tolerable rates.

The commission's policy states that application for cost-share assistance will only be approved when the land, upon which the practice is being installed, is experiencing erosion at a rate greater than the tolerable soil loss limit, or is experiencing active gully erosion, or is otherwise exempt from excessive erosion requirements, as allowed by the Cost-share Rule (10 CSR 7-5.020).

The district approved the application with a "T" on the field of 1 and pre and post-installation sheet and rill erosion rates of 1. When the program office staff explained that for this practice to be eligible for cost-share assistance, the field had to have sheet and rill soil loss occurring above the tolerable rate for that field. In a letter dated June 27, 2003, the district stated that this was the first DSL-15 that the district had cost-shared on and that employees were not aware that there had to be excessive soil loss. On June 30, 2003, the claim was denied by program office staff and mailed back to the district. When researched, program office staff found three other instances where an appeal had been presented for DSL-15 practices that were not eroding above "T" and the commission denied those requests.

Kirby VanAusdall made a motion to deny the board's request. Larry Furbeck seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

J. REVIEW/EVALUATION – Continued

2. Land Assistance Section

b. Cost-share

1. Monthly Cost-share Usage and Fund Status Report

Noland Farmer presented a report on cost-share usage. In FY2003 the districts were allocated a total of \$23,800,000 and it was projected that the districts would claim \$20,500,00. The districts claimed \$20,700,000, which is \$200,000, more than what was projected. The districts claimed 87 percent of the total funds they were allocated. There were 76 districts that claimed more than 80 percent of their allocated funds. In FY2002 the districts claimed 84 percent of their allocations. There were 62 districts that claimed more than 80 percent of their allocated amount. There will only be \$3,100,000 to be re-appropriated in FY2004, which will give the districts a total of \$23,300,000 to spend for regular cost-share.

2. Missouri Association of Soil & Water Conservation Districts (MASWCD) Resolution #2 (Monroe County) – Provide Cost-share Using the Permanent Vegetative Cover – Critical Areas (DSL-11) Practice to Treat Hog and Small Feed Lots

Ron Redden presented a resolution that was passed in December 2002. The resolution states that the current cost-share policy on DSL-11 does not authorize addressing erosion problem areas associated with abandoned confinement areas, feed lots, pig pens and other areas where livestock has been confined. The MASWCD urges the Soil and Water Program Commission to approve cost-share under the DSL-11 for small hog or feed lots up to five acres in size. These would be areas with excessive erosion and poor water quality, and the landowner wanted to put the areas back to permanent vegetative state. Landowners would be required to maintain this area in permanent vegetation for a period of ten years.

The past three times the commission considered this issue, their decision to deny cost-share for this use has been based on the fact that these acres are not included in the NRI numbers and as such, funds spent on animal confinement and feed lot areas do not assist the commission in meeting their goals. Also, the unknown liability resulting from not having any way to accurately predict how many of these types of practices would be approved for cost-share assistance, if these areas were considered eligible. Finally, the understanding that it was the management decision of the landowner to convert a pasture or woodland to a confined animal feed lot with the landowner's realization at the time, that doing so would void the area of vegetation.

Philip Luebbering stated that he saw a need for this, because of the change in the livestock industry from letting animals run on a hillside to animals in confinement. This has left a lot of areas without vegetation. When asked, Mr. Redden stated that the DSL-11 would be the appropriate practice in most cases, because of the seeding, clearing of trees, and the reshaping. When asked by the chair if this would include clearing, Sara Fast indicated that it would.

Philip Luebbering made a motion to change the policy and allow the use of the DSL-11 Practice to treat these areas with a

maintenance period of 10 years. John Aylward seconded the motion.

Before the motion was voted on, there was more discussion.

When asked if there was a dollar amount per acre, Mr. Redden stated that critical area seeding sometimes runs \$1000 per acre, because of the clearing and shaping. Larry Furbeck indicated that he would hate to see the program get into \$1000 to \$1500 per acre. It was also mentioned that if the commission wished, they could put a ceiling on the dollar amount. The resolution has a limit of up to five acres. The commission suggested putting a limit of up to \$500 per acre, which would make it a maximum of \$2500 per project.

John Aylward made a motion to amend the original motion to limit cost-share to \$2500 on a maximum five acres project, \$500 per acre. Kirby VanAusdall seconded the motion.

Peggy Lemons asked if that was a \$500 per acre, with a maximum of \$2500 for all critical areas or just the ones being discussed. She was informed that it was just the ones that were being discussed. It was then noted that there would have to be a new number for this type of practice so that the limits could be added to the computer program.

John Aylward made a motion to withdraw the previous motion and have the staff get information together and re-visit the issue. Philip Luebbering seconded the motion. It was the consensus of the commission to table the issue and re-visit it at a later date.

3. MASWCD Resolution #3 (Livingston County) – Allow the District the Opportunity to Use One-fourth of Their Geographic Allocation for Purposes That are Deemed Important to That District

Ron Redden presented a resolution that was passed in December. The resolution stated that each year the Soil Tax is used for various research projects up to the amount of \$160,000. It was recommended that the districts, that wished to do so, could spend one-fourth of their cost-share geographic allocations for projects deemed necessary for their particular needs. The MASWCD

supports the proposal and would like for the commission to take necessary steps to allow the districts to use these allocations for purposes instrumental in maintaining clean water, promoting erosion control, or both.

The commission would need to either change the statutes or rules or both if they approved the association's request for districts to use the cost-share funds in a manner beyond what they can presently do. An alternative to changing the existing statute or current rules would be to develop a new program that would provide the districts the capability to use their funds in a manner beyond what they can now. If the commission chose to allow the districts to use these funds as they deemed important, and those uses included items such as info/ed or technical assistance, there would be a need for changes to the appropriation language used in the budget process.

According to the regulation, to be eligible for state cost-share funds, the land on which the practice is to be implemented or constructed on must be eroding at rate greater than "T" or be experiencing active gully erosion. If not, then the practice must have one of the several exceptions listed in the commission's rule. It was suggested and discussed previously that perhaps the best method for making new provisions to use of the funds, for other than current cost-share, would be to establish a new program to handle such issues. The funding for the new program would come from a core reduction in the regular cost-share appropriation. As requested in the resolution, the funds needed could be approximately \$2,500,000.

Steve Hopper informed the commission that districts could bring their ideas to them for review and decide if the projects should be funded. This would give districts, that can not use all their money, another avenue to help the people in their area. He also stated that there would not be a reduction in the district's funds because they already have the money in the \$86,000 that they are appropriated. They would use one-fourth of that to fund these projects. Larry Furbeck indicated that the framework needs to be set up so that the commission can go to the counties and say that they are doing something for them with these projects. If the commission decided to set up a new program, rules would have to be developed and submitted to the Secretary of State.

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Larry Furbeck made a motion to take no action – current policy stands, but start the process of looking into the rule making, and the possibility of setting up this type of program. Philip Luebbering seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall and Elizabeth Brown voted in favor of the motion and the motion carried unanimously

4. MASWCD Resolution #4 (Boone County) – Remove the Four Year Limitation on the DSP-2 and Increase the Maximum Acres to 150

Ron Redden presented a resolution from the Boone County SWCD. The resolution states that the current commission policy for DSP-2 has a maximum of 80 acre per farm and/or landowner and four consecutive year period to make multiple application starting from the initial claim to final NRCS certification. But for Modified Permanent Vegetative Cover Enhancement (MDSP-2) in the AgNPS project, the maximum acres have been extended to 160. Since the DSP-2 can be an integral part of a planned grazing system, the MASWCD is urging the Soil and Water Program Commission to remove the four-year limit and increase the maximum acres to 150.

A DSP-2 practice is used demonstrate to landowners the benefits of improving pastureland by inter seeding legumes by no-till. For a practice to be eligible, the fields can not have soil loss greater than “T.”

The districts often use the DSP-2 to provide potassium, potash, and lime for pastures prior to the DSP-3. This is the reason why the resolution requested that the DSP-2 better coincide with the planned grazing practice. Under the commission’s DSP-3 policy nutrients and lime are not eligible.

The commission policy states that a DSP-2 is a demonstration practice; therefore the commission made no motion to make any change and the current policy stands.

Sarah Fast asked for additional clarification on what information the commission wanted to see in regards to Resolution #3 (Livingston County). Larry Furbeck requested that the program staff look at the policy, legal issues, and the process of implementing such a program.

5. Update on the Status of the Emergency Rule to Allow the Commission to Continue Providing Cost-share at 75% and Approval of the Variance Form

Marcy Oerly presented an update on the emergency rule that was filed with the Secretary of State's Office. The Secretary of State reviewed the rule and questioned whether or not the rule met emergency requirements. If the rulemaking is approved, it will become effective on July 19, 2003, but if it does not meet the emergency requirement, the variance rule will be used to allow a 75 percent cost-share rate. Ms. Oerly stated that a variance request form letter had been developed to allow landowners to receive a 75 percent cost-share rate. It was explained that this letter would need to be submitted with all cost-share claims that had applications approved by the district boards outside the effective dates of the emergency and permanent rules.

Larry Furbeck made a motion to allow staff the authority to approve cost-share claims that had applications approved at a 75 percent cost-share rate outside the effective dates of the emergency and permanent rules as long as the form letter is attached and all other criteria is met.

Kirby VanAusdall seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

c. SALT

1. Operators Signing Multiple Landowners Up for Incentive Practices

Ken Struempf reviewed the issue of operators signing up multiple landowners for incentive practices. The intent of the incentive practice is to get the landowner or operator to try techniques that are good for the environment and economically sound. The objective of the demonstration practices is after demonstrating a new management technique; the landowner or operator would carry out the new management technique on more acreage under their control. If the landowner or operator does not continue to implement these incentive practices on his own, the water quality benefit is lost. Unlike structural practices, water quality is

improved for the entire maintenance life plus any additional years beyond the maintenance life.

The commission has set limits for incentive practices such as for nutrient management the maximum is \$20.00 an acre up to \$3,000 a year for three years. The pest management incentive is a maximum is \$30.00 an acre up to \$4,500 a year for three years. For the no-till incentive, the limit is \$15.00 an acre up to 40 acres for two years.

The staff is concerned that districts are eluding these limits by allowing an operator to sign up multiple landowners for the incentive practices. At this time, districts are allowed by policy to have operators' sign for the landowners by utilizing the landowner authorization form found in the cost-share handbook. This form was developed prior to incentive practices, and before the state started issuing 1099 forms for incentive practices, and before the commission approved operators, as well as landowners, to receive incentive payments for nutrient, waste utilization, and pest management.

In December of 2002, it was decided that a 1099 would be issued to landowners that receive payment in excess of the documented cost of a practice. The staff is concerned that some landowners will receive a 1099 at the end of January-February 04 without notification because the operator signed the landowner's name to a claim. To eliminate this concern, the commission could require the actual participant to sign the claim form. That way, the district would have contact with each participant that will be issued a 1099.

In March, the commission changed the policy to allow operators to directly receive an incentive payment for pest management, nutrient, and waste utilization practices. The change was in response from a district whose operators were concerned that many of the landowners would not be too receptive in receiving a 1099 for these incentive practices.

Now that an operator is allowed to sign up and directly receive the incentive, staff questions why an operator would not sign up to receive the incentive payment on his own. Staff realizes that this would force the operator to adhere to the limits established by the

commission for these incentive practices, rather than to use different landowners to maximize their participation in the program.

Possible solutions would include having the actual landowner sign the incentive applications and claims. This would stop the operator from signing for the landowner. In addition for the practices where the operator is eligible to sign the cost share forms, require the operator's signature on the claim rather than the absentee landowners name. After all, the commission is demonstrating the new management technique to the operator rather than the landowner. Neither of these solutions would hinder any individual's participation in the incentive practices, but would enforce commission limits.

Brad Powell from Bates SCWD stated that they had concerns with making this a mandatory issue with the consent form. The form states that an operator will be entitled to receive payment for each practice listed. They believe it should not be entitled to, but may receive if he participates. On the consent form where it lists the beginning date and ending date, they believe it sounds like a long-term agreement, rather than a long-term contract. Another issue with the consent form is landowners that have more than one operator.

Ken Struempf reiterated that this issue was not directed to Bates, but statewide because of the different management styles in the districts and a lot of variations of what the districts are doing. He also stated that the consent form concerns could be clarified.

Joyce Rider reminded everyone that prior to March, SALT was like regular cost-share in the fact that everything was landowner name. An operator could sign the landowner's name, but the money and the 1099 went to the landowner.

Larry Furbeck made a motion to table the motion. Kirby VanAusdall seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor to table the motion.

K. REQUEST

1. District Assistance Section

a. Texas SWCD: Second Budget Revision

Jim Boschert presented a second budget revision from Texas County SWCD. In a letter dated July 1, 2003, the district indicated that since the clerk had resigned and due to the fact that she had some unpaid sick leave, the district had an excess of funds in their management services grant. The district requested to transfer \$1,036.54 from the management services grant to the technical services grant and \$167.90 from the administrative expense grant to the technical services grant.

John Aylward made a motion to approve the request. Philip Luebbering seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

2. Land Assistance Section

a. Cost-share

1. Sullivan SWCD – Consideration for Cost-share on a Practice Started Prior to Board Approval of the Application

April Brandt presented a request from the Sullivan County SWCD. The district requested that the commission allow them to provide cost-share assistance on a practice that was started prior to board approval on the application.

In a letter dated June 5, 2003, the district indicated that the site could not be surveyed until the clearing was done. The normal procedure is it to complete an application based on estimated amounts. The district staff mistakenly did not complete the application prior to the clearing being started. The survey could not be done until the clearing had taken place and the application was completed after the survey. On December 28, 2002, the site survey was done. Then on January 10, 2003, the landowner signed the application and the board approved it on January 12, 2003. Due to the fact that this was a district error, they asked the commission to allow cost-share assistance for the DWC-1 and not punish the landowner.

Larry Furbeck made a motion to approve the board's request. John Aylward seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, Kirby VanAusdall,

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and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

Elizabeth Brown announced that Peter Hofherr, who was a former commissioner, had been appointed to fill Lowell Mohler's place. She also introduced Jason Heldenbrand, who was representing the Department of Agriculture.

L. NRCS REPORT

Terry Cosby reported on some of the program activities. The Grassland Reserve Program (GRP) sign-up goes until August 1. They have about 1500 application in from across the state. In Environmental Quality Incentive Program (EQIP) they received \$11,600,000 in cost share assistance and they have gone through the ranking process and the field offices were notified of what contracts were tentatively approved. There were almost 3,000 applications in the state, which totaled a little over \$50,000,000. They still do not have a final EQIP manual, so the contracts can not be signed until it is complete. He stated that they hope to receive more EQIP money in the state, so the next round of contracts will be funded if they get somewhere between \$6,000,000 to \$10,000,000. In Farmland Protection they received \$700,000 which was enough to fund two applications. One was in Springfield and the other was in the St. Louis area. WPIP received \$350,000; this was enough to send each area office about \$65,000. The requests were about three times that. The Wetland Reserve received \$10,000,000; this funded 14 applications (4946 acres). Most were from the southeast part of the state.

M. STAFF REPORT

Ron Redden presented an update on the Warren county stream bank stabilization practice. In 1999 and again in 2001, the commission approved a pilot stream bank stabilization practice for Warren County only. The last two-year period ended on June 30 of this year.

Mr. Redden indicated the district had only used the practice three times in FY02 and none in FY03. The district has approximately \$100,000 earmarked in the SALT program for stream bank stabilization. The county is going to proceed with the stream bank stabilization program, but they did not wish to request that it be extended again to them or that it be made available statewide. When asked if the district thought that the practice was successful, Mr. Redden said that he thought that it was and that the practice was used several times during the first few years.

Bill Wilson reported that all the Area Meetings had been assigned and that the directions to the meetings would be sent out. He also reported that the commissioners had been sent a copy of the speech for the meetings.

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Mr. Wilson also reminded everyone that the Missouri Agricultural Land Management Resource Institute Summer meeting and tour was scheduled for July 29 in Macon, Missouri. The tour will be of the Long Branch Watershed.

Sarah Fast announced that Gina Luebbering had moved from being a District Coordinator over to the SALT program. She also reported that Gary Sturdevant, who is a Soil Scientist in Macon, had announced his retirement.

N. DATE OF NEXT MEETING

Due to a conflict with the September 17, 2003 meeting, the commission decided to change the meeting to September 10, 2003.

Harry Bozoian announced that in the closed session, the commission approved the settlement on the Sandy Yockey matter out of Cedar County. The matter was a maintenance violation on a DSP-3 and DFR-5 practice. The state received and deposited a check in the amount of \$2,372.53.

Mr. Bozoian also announced that the Secretary of State called and said the emergency rule was fine.

O. ADJOURNMENT

Kirby VanAusdall moved the meeting be adjourned. Philip Luebbering seconded the motion. Motion approved by consensus at 3:58 PM.

Respectfully submitted,

Sarah E. Fast, Director
Soil and Water Conservation Program

Approved by:

Elizabeth Brown, Chairman
Missouri Soil & Water Districts Commission

/tm

